

Town of Kentwood, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2009
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

9/15/10

Town of Kentwood
Annual Financial Statements
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With Supplemental Information Schedules

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**MALCOLM M. DIENES, L.L.C.
LEROY J. CHUSTZ, C.P.A.**

Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT
ON THE BASIC FINANCIAL STATEMENTS**

The Honorable Mayor Harold J. Smith and
Members of the Board of Aldermen
Town of Kentwood, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the Town's primary government as listed in the Table of Contents. These financial statements are the responsibility of the Town of Kentwood's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The financial statements of Town of Kentwood as of and for the year ended December 31, 2008, were audited by another auditor whose report dated June 24, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Government Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund for the primary government of the Town of Kentwood, Louisiana, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2010, on our consideration of the Town of Kentwood, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 through 19 and 54 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kentwood, Louisiana's basic financial statements as a whole. The "Other Supplemental Schedules" as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Malcolm M. Dienes, L.L.C.

Leroy J. Chustz, CPA

August 24, 2010

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Required Supplemental Information (Part I)

Management's Discussion and Analysis

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Introduction

The Town of Kentwood (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 21 through 32 of this report.

Financial Highlights

- At December 31, 2009, the Town's assets exceeded its liabilities by \$7,389,445 (net assets). Of this amount, \$2,427,545 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2009, the Town's total net assets increased by \$481,598.
- At December 31, 2009, the Town's governmental funds reported combined ending fund balances of \$2,944,420, an increase of \$163,686 for the year. Of this amount, 53% is available for spending at the Town's discretion (unreserved fund balances).
- At December 31, 2009, the Town's proprietary funds reported combined ending net assets of \$3,718,051, an increase of \$298,693 for the year. Of this amount, approximately 17%, or \$646,193, is available for spending at the Town's discretion (unrestricted net assets).
- For the year ended December 31, 2009, the Town's total long term debt for the proprietary fund decreased by \$17,029 due to revenue bond principal payments.

Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements,

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influence or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Town of Kentwood has no component units.

The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. *Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.*

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets in this report.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Net Assets 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and Other Assets	\$ 3,046,909	\$ 2,850,604	\$ 1,149,285	\$ 1,331,310	\$ 4,196,194	\$ 4,181,914
Capital Assets	842,042	848,456	3,645,131	3,826,438	4,487,173	4,674,894
Total Assets	3,888,951	3,699,060	4,794,416	5,157,748	8,683,367	8,856,808
Liabilities:						
Long Term Debt Outstanding	115,068	140,701	695,851	713,752	810,919	854,453
Other Liabilities	102,489	69,870	380,514	1,024,638	483,003	1,094,508
Total Liabilities	217,557	210,571	1,076,365	1,738,390	1,293,922	1,948,961
Net Assets:						
Invested in Capital Assets, Net of Related Debt	842,042	848,456	2,931,381	3,095,659	3,773,423	3,944,115
Restricted	1,048,000	-	140,477	170,183	1,188,477	170,183
Unrestricted	1,781,352	2,640,033	646,193	153,516	2,427,545	2,793,549
Total Net Assets	\$ 3,671,394	\$ 3,488,489	\$ 3,718,051	\$ 3,419,358	\$ 7,389,445	\$ 6,907,847

Approximately 51% of the Town's net assets reflect its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 16% of the Town's net assets represent resources that are subject to external restriction on how they may be used. The Town's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 33% of the Town's net assets are unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for separate governmental and business-type activities. The same held true for the prior fiscal year.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

The Town's activities increased its total net assets by \$481,598, with governmental activities increasing net assets by \$182,905 and business-type activities increasing net assets by \$298,693.

The governmental activities approximate five percent increase in net assets for the fiscal year ending December 31, 2009 reflects ending change in net assets of \$182,905 as compared to a change in net assets of \$32,803 for the fiscal year ending December 31, 2008. Net assets increased as a result of a decrease of \$74,653, or four percent, in expenditures, and \$149,733 in transfers out. This decrease in costs was driven by drops in the public safety expenditures for police by approximately sixteen percent, or \$75,000, and other functions holding steady. Interest revenue was down by around fifty percent due to lower interest rates and the amount of funds invested. Sales taxes declined approximately seven percent or sixty thousand dollars. Gaming taxes were down twenty percent or around \$50,000.

The business-type activities recorded a positive change in net assets of \$298,693 as compared to the 2008 change in net assets of \$178,364. The primary component increasing net assets were increases in utility sales in gas, water, and sewer of approximately \$53,063, \$129,270 and \$22,490 respectively, due to rate increases. Expenses also declined approximately 19 percent, with the largest declines of \$33,151 for utilities and \$29,633 for water treatment costs coupled with an increase of \$54,999 for repairs and maintenance.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities following this section.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Changes in Net Assets For the Years Ended December 31, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 339,635	\$ 304,082	\$ 1,735,707	\$ 1,496,825	\$ 2,075,342	\$ 1,800,907
Operating Grants and Contributions	22,822	6,138	-	-	22,822	6,138
Capital Grants and Contributions	45,254	137,992	53,635	370,747	98,889	508,739
General Revenues:						
Taxes	1,137,193	1,268,244	-	-	1,137,193	1,268,244
Intergovernmental	535,914	421,803	-	-	535,914	421,803
Interest Income	15,075	34,211	3,070	22,107	18,145	56,318
Donations	-	-	1,500	-	1,500	-
Miscellaneous	15,781	6,678	1,341	983	17,122	7,661
On Behalf Payments	31,111	37,911	-	-	31,111	37,911
Gain (Loss) on Sale of Assets	-	-	-	3,800	-	3,800
Total Revenues	2,142,785	2,217,059	1,795,253	1,894,462	3,938,038	4,111,521
Expenses:						
General Government	695,732	696,091	-	-	695,732	696,091
Public Safety - Police Protection	393,930	468,697	-	-	393,930	468,697
Public Safety - Fire Protection	244,539	244,698	-	-	244,539	244,698
Public Works - Streets and Sanitation	508,976	506,600	-	-	508,976	506,600
Health and Welfare	6,615	7,270	-	-	6,615	7,270
Recreation	13,864	14,943	-	-	13,864	14,943
Water, Gas, and Sewer Utility	-	-	1,201,732	1,479,259	1,201,732	1,479,259
Housing Assistance	-	-	264,519	236,839	264,519	236,839
Total Expenses	1,863,656	1,938,299	1,466,251	1,716,098	3,329,907	3,654,397
Change in Net Assets Before Transfers	279,129	278,760	329,002	178,364	608,131	457,124
Transfers (Out) In	(96,224)	(245,957)	(30,309)	-	(126,533)	(245,957)
Change in Net Assets	182,905	32,803	298,693	178,364	481,598	211,167
Net Assets, Beginning	3,488,489	3,455,686	3,411,866	3,233,502	6,907,847	6,689,188
Net Assets, Ending	\$ 3,671,394	\$ 3,488,489	\$ 3,718,051	\$ 3,411,866	\$ 7,389,445	\$ 6,900,355

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Governmental Activities

The Town's governmental net assets increased by \$182,905 or five percent of the prior year ending net assets, to \$3,671,394.

Net assets increased as a result of a decrease of \$74,653 or four percent in expenditures, and \$149,733 in transfers out. The decrease was driven by drops in the public safety expenditures for police by approximately 16 percent or \$75,000 and other functions holding steady. Interest revenue was down by around fifty percent due to low rates. Sales taxes declined approximately seven percent or \$60,000. Gaming taxes were down twenty percent or around \$50,000.

Transfers out of the Volunteer Fire Department Fund, representing capital expenditures on the fund basis, to Tangipahoa Fire District Number 2 were \$126,533.

Business-Type Activities

The Town's business-type net assets increased by \$298,693, or nine percent, of the prior year ending net assets, to \$3,718,051. As previously discussed in the government wide section on page 12 of this report, the utility fund was aided by increases in utility rates prompting a total increase of approximately twenty percent in utility sales revenue, or \$204,823.

Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 23 through 26 of this report.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$2,944,420, \$1,373,540 which is reserved for capital projects and \$1,570,880 which is unreserved and available for spending at the Town's discretion. This represents an increase of \$163,686, or six percent of the prior year's ending balances.

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$1,135,449, \$325,540 which was reserved for capital projects and \$809,909 which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 47% of total fund expenditures, while total fund balance represents 65% of the same amount.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

There were no budget findings for the Town of Kentwood General Fund for the fiscal year ending December 31, 2009. Actual revenues were above and actual expenditures were below budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2009 amounts to \$4,487,173 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year was \$187,721 (net of depreciation).

Major capital asset events during the current year were for interstate lighting additions of \$17,775; improvements to the town conference room of approximately \$9,000, park project construction in progress of \$30,000 through a capital projects fund and additional construction in progress of \$53,635 recorded for the Tourist Center project.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

Town of Kentwood

Management's Discussion and Analysis **As of and for the Year Ended December 31, 2009**

Capital Assets (Net of Depreciation) **2009 and 2008**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 446,823	\$ 446,823	\$ 21,100	\$ 21,100	\$ 467,923	\$ 467,923
Construction in Progress	30,000	-	424,382	370,747	454,382	370,747
Buildings and Improvements	911,733	905,033	46,639	46,639	958,372	951,672
Machinery and Equipment	744,285	700,804	178,976	177,476	923,261	878,280
Infrastructure	43,853	50,606	-	-	43,853	50,606
Gas Utility System	-	-	801,615	801,615	801,615	801,615
Water Utility System	-	-	1,974,969	1,974,969	1,974,969	1,974,969
Sewer Utility System	-	-	4,620,084	4,620,084	4,620,084	4,620,084
Subtotal Capital Assets	2,176,694	2,103,266	8,067,765	8,012,630	10,244,459	10,115,896
Less: Accumulated Depreciation	(1,334,652)	(1,254,810)	(4,422,634)	(4,186,192)	(5,757,286)	(5,441,002)
Capital Assets, Net	\$ 842,042	\$ 848,456	\$ 3,645,131	\$ 3,826,438	\$ 4,487,173	\$ 4,674,894

Long-Term Debt

At December 31, 2009, the Town had total long term debt outstanding from bonds payable of \$713,750. Of this total, \$17,899 is due within one year and \$695,851 is due greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 13 to the financial statements in this report.

Outstanding Debt **2009 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue Bonds	\$ -	\$ -	\$ 713,750	\$ 730,779	\$ 713,750	\$ 730,779
Total Outstanding Debt	\$ -	\$ -	\$ 713,750	\$ 730,779	\$ 713,750	\$ 730,779

The Town of Kentwood's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold.

Town of Kentwood

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2009**

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Kentwood, 308 Avenue G, Kentwood, Louisiana 70444, telephone (985) 229-3451.

Basic Financial Statements

Government-Wide Financial Statements

Town of Kentwood
Statement of Net Assets
As of December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & Cash Equivalents	\$ 1,723,573	\$ 499,321	\$ 2,222,894
Receivables, Net			
Accounts	-	288,210	288,210
Intergovernmental	205,533	72,648	278,181
Taxes	57,271	-	57,271
Other	207	-	207
Due from Other Funds	5,513	1,961	7,474
Inventory	-	2,393	2,393
Prepaid Expenses	6,812	-	6,812
Total Current Assets	<u>1,998,909</u>	<u>864,533</u>	<u>2,863,442</u>
Restricted Assets			
Restricted Cash and Cash Equivalents	<u>1,048,000</u>	<u>284,752</u>	<u>1,332,752</u>
Total Restricted Assets	<u>1,048,000</u>	<u>284,752</u>	<u>1,332,752</u>
Capital Assets:			
Land	446,823	21,100	467,923
Construction in Progress	30,000	424,382	454,382
Capital Assets, Net	<u>365,219</u>	<u>3,199,649</u>	<u>3,564,868</u>
Total Capital Assets	<u>842,042</u>	<u>3,645,131</u>	<u>4,487,173</u>
Total Assets	<u>3,888,951</u>	<u>4,794,416</u>	<u>8,683,367</u>
Liabilities			
Current Liabilities:			
Accounts Payable	43,421	82,455	125,876
Other Accrued Payables	57,107	160,724	217,831
Due to Other Funds	1,961	5,513	7,474
Customer Deposits	-	113,923	113,923
Bonds Payable	-	17,899	17,899
Total Current Liabilities	<u>102,489</u>	<u>380,514</u>	<u>483,003</u>
Long-Term Liabilities:			
Bonds Payable	-	695,851	695,851
Accrued Sick Leave Convertible to Retirement	<u>115,068</u>	<u>-</u>	<u>115,068</u>
Total Long-Term Liabilities	<u>115,068</u>	<u>695,851</u>	<u>810,919</u>
Total Liabilities	<u>217,557</u>	<u>1,076,365</u>	<u>1,293,922</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	842,042	2,931,381	3,773,423
Restricted for:			
Capital Projects and Debt Service	1,048,000	91,880	1,139,880
Housing Activities	-	48,597	48,597
Unrestricted	<u>1,781,352</u>	<u>646,193</u>	<u>2,427,545</u>
Total Net Assets	<u>\$ 3,671,394</u>	<u>\$ 3,718,051</u>	<u>\$ 7,389,445</u>

The accompanying notes are an integral part of these financial statements

Town of Kentwood
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Net (Expenses) Revenues	Total
Governmental Activities						
General Government	\$ 695,732	\$ 221,758	\$ 4,750	\$ 1,000	\$ (468,224)	\$ -
Public Safety - Police Protection	393,930	29,355	6,204	1,786	(356,585)	(356,585)
Public Safety - Fire Protection	244,539	-	11,868	12,468	(220,203)	(220,203)
Public Works - Streets and Sanitation	508,976	88,522	-	-	(420,454)	(420,454)
Health and Welfare	6,615	-	-	-	(6,615)	(6,615)
Recreation	13,864	-	-	30,000	16,136	16,136
Total Governmental Activities	1,863,656	339,635	22,822	45,254	(1,455,945)	(1,455,945)
Business-Type Activities						
Gas	516,665	735,120	-	-	218,455	218,455
Water	384,484	438,570	-	-	107,721	107,721
Sewer	300,583	308,042	-	53,635	7,459	7,459
Housing Assistance	264,519	253,975	-	-	(10,544)	(10,544)
Total Business-Type Activities	1,466,251	1,735,707	-	53,635	323,091	323,091
Total All Activities	\$ 3,329,907	\$ 2,075,342	\$ 22,822	\$ 98,889	\$ (1,132,854)	\$ (1,132,854)
General Revenues						
Taxes						
Property Taxes					79,028	79,028
Sales Taxes					808,505	808,505
Franchise Taxes					43,961	43,961
Gaming					198,027	198,027
Other					7,672	7,672
Intergovernmental						
Parish Allocation					499,715	499,715
Fire Insurance Rebates					25,477	25,477
Fire District Two Percent Reimbursement					10,722	10,722
Interest Income					15,075	15,075
Donations					3,070	3,070
Miscellaneous					1,500	1,500
On Behalf Payments - State Supplemental Pay for Police					1,341	1,341
Operating Transfers In (Out) to Town Funds					-	-
Capital Transfers (Out) to Tangipahoa Parish Fire Protection District Number Two					(30,309)	(30,309)
Total General Revenues and Transfers					(126,533)	(126,533)
Change in Net Assets					1,614,452	1,614,452
Net Assets - Beginning					182,905	481,398
Net Assets - Ending					3,419,358	6,907,847
					\$ 3,671,394	\$ 7,389,445

The accompanying notes are an integral part of these financial statements

**Town of Kentwood
Balance Sheet
Governmental Funds
As of December 31, 2009**

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>Capital Project Fund for Park</u>	<u>Total Governmental Funds</u>
Assets				
Cash & Cash Equivalents	\$ 1,074,593	\$ 648,980	\$ -	\$ 1,723,573
Receivables, Net				
Intergovernmental	59,695	145,838	-	205,533
Ad Valorem Taxes	30,928	-	-	30,928
Franchise Taxes	12,368	-	-	12,368
Gaming	13,975	-	-	13,975
Other	207	-	-	207
Due from Other Funds	37,065	945	-	38,010
Prepaid Insurance	6,812	-	-	6,812
Restricted Cash and Cash Equivalents	-	1,048,000	-	1,048,000
Total Assets	<u>1,235,643</u>	<u>1,843,763</u>	<u>-</u>	<u>3,079,406</u>
Liabilities & Fund Balance				
Liabilities:				
Accounts Payable	43,421	-	-	43,421
Other Accrued Liabilities	53,867	3,240	-	57,107
Due to Other Funds	2,906	31,552	-	34,458
Total Liabilities	<u>100,194</u>	<u>34,792</u>	<u>-</u>	<u>134,986</u>
Fund Balance:				
Unreserved Fund Balances	809,909	760,971	-	1,570,880
Reserved Fund Balance	325,540	1,048,000	-	1,373,540
Total Fund Balance	<u>1,135,449</u>	<u>1,808,971</u>	<u>-</u>	<u>2,944,420</u>
Total Liabilities & Fund Balance	<u>\$ 1,235,643</u>	<u>\$ 1,843,763</u>	<u>\$ -</u>	<u>\$ 3,079,406</u>

Town of Kentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
As of December 31, 2009

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 2,944,420
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets, Net of Depreciation	842,042
The long-term liability for sick leave convertible to benefits upon retirement is not due and payable in the current period and, therefore, not reported in the governmental funds	
Accrued Sick Leave Convertible to Retirement	<u>(115,068)</u>
Net Assets, Governmental Activities (Statement A)	<u>\$ 3,671,394</u>

The accompanying notes are an integral part of these financial statements

Town of Kentwood
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Volunteer Fire Department	Capital Project Fund for Park	Total Governmental Funds
Revenues				
Taxes	\$ 1,137,193	\$ -	\$ -	\$ 1,137,193
Licenses and Permits	166,943	-	-	166,943
Intergovernmental	24,462	549,383	30,000	603,845
Charges for Services	19,161	-	-	19,161
Fines and Forfeitures	29,355	-	-	29,355
Sanitation Fees	88,522	-	-	88,522
Interest	2,738	12,337	-	15,075
On-Behalf Payments - Supplement Pay	31,111	-	-	31,111
Miscellaneous	50,453	1,127	-	51,580
Total Revenues	<u>1,549,938</u>	<u>562,847</u>	<u>30,000</u>	<u>2,142,785</u>
Expenditures				
General Government	693,111	-	-	693,111
Public Safety:				
Police	373,083	-	-	373,083
Fire	113,807	118,833	-	232,640
Public Works	490,134	-	-	490,134
Health and Welfare	6,615	-	-	6,615
Recreation	13,864	-	-	13,864
Capital Outlays	43,428	126,533	30,000	199,961
Total Expenditures	<u>1,734,042</u>	<u>245,366</u>	<u>30,000</u>	<u>2,009,408</u>
Excess Revenues (Expenditures)	(184,104)	317,481	-	133,377
Other Financing Sources (Uses)				
Operating Transfers In	89,849	-	30,000	119,849
Operating Transfers Out	(59,540)	-	(30,000)	(89,540)
Total Other Financing Sources	<u>30,309</u>	<u>-</u>	<u>-</u>	<u>30,309</u>
Net Change in Fund Balances	(153,795)	317,481	-	163,686
Fund Balance, Beginning of Year	1,289,244	1,491,490	-	2,780,734
Fund Balance, End of Year	<u>\$ 1,135,449</u>	<u>\$ 1,808,971</u>	<u>\$ -</u>	<u>\$ 2,944,420</u>

The accompanying notes are an integral part of these financial statements

Town of Kentwood
Reconciliation of the Statement of Revenues, Expenditures,
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 163,686
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for Capital Assets	199,961
Less:	
Transfer of capital assets to Tangipahoa Fire District Number 2	(126,533)
Current year depreciation	(79,842)

Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the Statement of Activities.

(This entry records the change in compensated absences)

25,633

Change in Net Assets, Governmental Activities, Statement B	\$ <u>182,905</u>
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**Town of Kentwood
Statement of Net Assets
Proprietary Funds
As of December 31, 2009**

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Assets			
Current Assets			
Cash & Cash Equivalents	\$ 499,321	\$ -	\$ 499,321
Receivables, Net	288,210	-	288,210
Due from State	72,648	-	72,648
Due from Other Funds	-	1,961	1,961
Inventory	2,393	-	2,393
Total Current Assets	<u>862,572</u>	<u>1,961</u>	<u>864,533</u>
Restricted Assets			
Restricted Cash and Cash Equivalents	205,803	78,949	284,752
Total Restricted Assets	<u>205,803</u>	<u>78,949</u>	<u>284,752</u>
Property, Plant, and Equipment			
Land	21,100	-	21,100
Construction in Progress	424,382	-	424,382
Property, Plant, and Equipment, Net	3,199,649	-	3,199,649
Total Property, Plant, and Equipment	<u>3,645,131</u>	<u>-</u>	<u>3,645,131</u>
Total Assets	<u>4,713,506</u>	<u>80,910</u>	<u>4,794,416</u>
Liabilities			
Current Liabilities (Payable from Current Assets)			
Accounts Payable	79,455	3,000	82,455
Other Accrued Payables	136,924	23,800	160,724
Due to Other Funds	-	5,513	5,513
Total Current Liabilities (Payable from Current Assets)	<u>216,379</u>	<u>32,313</u>	<u>248,692</u>
Current Liabilities (Payable from Restricted Assets)			
Customer Deposits	113,923	-	113,923
Revenue Bonds Payable	17,899	-	17,899
Total Current Liabilities (Payable from Restricted Assets)	<u>131,822</u>	<u>-</u>	<u>131,822</u>
Long Term Liabilities			
Bonds Payable	695,851	-	695,851
Total Long Term Liabilities	<u>695,851</u>	<u>-</u>	<u>695,851</u>
Total Liabilities	<u>1,044,052</u>	<u>32,313</u>	<u>1,076,365</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,931,381	-	2,931,381
Restricted for			
Capital Projects and Debt Service	91,880	-	91,880
Housing Activities	-	48,597	48,597
Unrestricted	646,193	-	646,193
Total Net Assets	<u>\$ 3,669,454</u>	<u>\$ 48,597</u>	<u>\$ 3,718,051</u>

The accompanying notes are an integral part of these financial statements

Town of Kentwood
Statement of Revenues, Expenses,
and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Gas Utility System	Water Utility System	Sewer Utility System	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Operating Revenues						
Gas Sales	\$ 713,811	\$ -	\$ -	\$ 713,811	\$ -	\$ 713,811
Less Cost of Gas Sold	(275,948)	-	-	(275,948)	-	(275,948)
Gross Profit on Gas Sold	437,863	-	-	437,863	-	437,863
Water Sales	-	424,040	-	424,040	-	424,040
Sewer Service Charges	-	-	299,670	299,670	-	299,670
HUD Contributions	-	-	-	-	253,975	253,975
Other	21,309	14,530	8,372	44,211	1,341	45,552
Total Operating Revenues	459,172	438,570	308,042	1,205,784	255,316	1,461,100
Operating Expenses						
Cathodic Protection	1,495	-	-	1,495	-	1,495
Depreciation	19,875	55,438	161,128	236,441	-	236,441
Employee Benefits	38,034	24,397	8,567	70,998	9,126	80,124
Housing and Utility Assistance	-	-	-	-	222,861	222,861
Insurance - Workers Compensation	3,257	4,122	1,217	8,596	136	8,732
Other	26,400	9,778	6,151	42,329	4,496	46,825
Professional Fees	11,187	11,187	7,767	30,141	6,680	36,821
Repairs and Maintenance	24,243	100,096	27,429	151,768	-	151,768
Salaries and Wages	106,471	54,698	17,922	179,091	21,323	200,414
Supplies	9,755	8,225	3,296	21,276	-	21,276
Utilities	-	44,369	31,025	75,394	-	75,394
Water Treatment	-	72,071	-	72,071	-	72,071
Total Operating Expenses	240,717	384,381	264,502	889,600	264,622	1,154,222
Operating Income	218,455	54,189	43,540	316,184	(9,306)	306,878
Nonoperating Revenues (Expenses)						
Donations	-	1,500	-	1,500	-	1,500
Interest Income	1,646	642	738	3,026	44	3,070
Interest Expense	-	-	(36,081)	(36,081)	-	(36,081)
Total Nonoperating Revenues (Expenses)	1,646	2,142	(35,343)	(31,555)	44	(31,511)
Income (Loss) Before Contributions and Transfers	220,101	56,331	8,197	284,629	(9,262)	275,367
Contributions and Transfers						
Capital Contributions	-	53,635	-	53,635	-	53,635
Operating Transfers In	-	29,540	-	29,540	-	29,540
Operating Transfers Out	-	(59,849)	-	(59,849)	-	(59,849)
Change in Net Assets	220,101	79,657	8,197	307,955	(9,262)	298,693
Total Net Assets, Beginning	3,361,499	-	-	3,361,499	57,859	3,419,358
Total Net Assets, Ending	\$ 3,581,600	\$ 79,657	\$ 8,197	\$ 3,669,454	\$ 48,597	\$ 3,718,051

The accompanying notes are an integral part of these financial statements

Town of Kentwood
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Received from Customers	\$ 1,435,995	\$ -	\$ 1,435,995
Received from the Department of Housing and Urban Development	-	254,432	254,432
Received for Meter Deposit Fees	21,120	-	21,120
Other Receipts	86,474	1,341	87,815
Payments for Interfund Services	(623,040)	785	(622,255)
Payments for Operations	(710,140)	(210,373)	(920,513)
Payments to Employees	(246,688)	(30,449)	(277,137)
Net Cash (Used) Provided by Operating Activities	(36,279)	15,736	(20,543)
Cash Flows from Noncapital Financing Activities			
Transfers to Other Funds	(30,309)	-	(30,309)
Received from Donations	1,500	-	1,500
Net Cash Used in Noncapital Activities	(28,809)	-	(28,809)
Cash Flows from Capital and Related Financing Activities			
Capital Contributions Received	53,635	-	53,635
(Payments for) Capital Acquisitions	(97,397)	-	(97,397)
Principal Repayments for Long Term Debt	(17,029)	-	(17,029)
Interest Payments for Long Term Debt	(36,151)	-	(36,151)
Net Cash Used in Capital and Related Financing Activities	(96,942)	-	(96,942)
Cash Flows from Investing Activities			
Receipt of Interest	3,026	44	3,070
Net Cash Provided by Investing Activities	3,026	44	3,070
Net (Decrease) Increase in Cash and Cash Equivalents	(159,004)	15,780	(143,224)
Cash and Cash Equivalents, Beginning of Year	864,128	63,169	927,297
Cash and Cash Equivalents, End of Year	\$ 705,124	\$ 78,949	\$ 784,073
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Statement of Net Assets:			
Cash and Cash Equivalents, Unrestricted	\$ 499,321	\$ -	\$ 499,321
Cash and Cash Equivalents, Restricted	205,803	78,949	284,752
Total Cash and Cash Equivalents	\$ 705,124	\$ 78,949	\$ 784,073
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 316,184	\$ (9,306)	\$ 306,878
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	236,441	-	236,441
(Increase) in Accounts Receivable	(1,526)	-	(1,526)
Decrease in Unbilled Receivable	42,263	457	42,720
(Increase) in Inventory	(2,393)	-	(2,393)
Increase (Decrease) in Due (to) and from Other Funds	(623,040)	785	(622,255)
(Decrease) in Account Payable	(34,322)	-	(34,322)
Increase in Compensated Absences	3,523	-	3,523
Increase in Accrued Expenses	5,471	23,800	29,271
Increase in Customer Deposits	21,120	-	21,120
Net Cash (Used) Provided by Operating Activities	(36,279)	15,736	(20,543)

The accompanying notes are an integral part of these financial statements

Basic Financial Statements

Notes to the Financial Statements

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

Introduction

The Town of Kentwood, Louisiana was incorporated in March of 1893 under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government, with the Mayor and each of five aldermen elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. Kentwood is located directly off Interstate I-55 in the northern section of Tangipahoa Parish. The Town's total population is 2,205 as reported by the U.S. Census Bureau, Census 2000. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 981 water customers, 466 gas customers, and 840 sewer customers inside and outside of the Town limits. The Town employs 25 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a *primary government*, since it is a *special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments*. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no component units which the Town of Kentwood has an oversight relationship.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

1. Summary of Significant Accounting Policies (Continued)

A. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

1. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Town reports the following major proprietary funds:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

1. Summary of Significant Accounting Policies (Continued)

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1st of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Corporate Purposes	6.40 mills	6.40 mills	None

Sales and use taxes are levied at two percent. The proceeds of these sales and use taxes are dedicated as follows:

One percent sales and use tax dedicated to general corporate purposes. This tax does not expire.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

1. Summary of Significant Accounting Policies (Continued)

D. Receivables and Payables (Continued)

Up to 50% of the proceeds of a one percent sales and use tax is to be dedicated and used for the constructing, acquiring, improving, maintaining, and operating solid waste collection and disposal facilities; the remainder of the proceeds is for the purpose of paying police officers and other Town employees' salaries and other general operating costs of the Town; constructing and acquiring additions, extensions, and improvements to the sewerage collection, disposal, and treatment plant and system, the waterworks plant and system, and the natural gas system; constructing, paving, resurfacing, and improving streets, sidewalks, roads, bridges, alleys, drains, and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; and constructing or improving public buildings, jails, public parks and recreation facilities, including the necessary equipment and furnishings thereof. This tax expires on June 30, 2023.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

1. Summary of Significant Accounting Policies (Continued)

G. Capital Assets (Continued)

type activities is included as part of the capitalized value of the assets constructed. For the current fiscal year, the Town did not incur construction period interest costs.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 – 40 Years
Machinery & Equipment	5 – 15 Years
Infrastructure	20 – 40 Years
Gas System	20 – 40 Years
Water System	20 – 40 Years
Sewer System	20 – 40 Years

H. Compensated Absences

The Town has the following policy related to vacation and sick leave:

All regular employees, after one year of employment, are entitled to annual vacation and sick leave as follows:

	<u>Minimum Years of</u>	
	<u>1 to 5</u>	<u>6+</u>
Vacation Leave – Days Earned Per Year	10	15
Sick Leave – Days Earned Per Year	<u>12</u>	<u>12</u>
	<u>22</u>	<u>27</u>

Office (administrative) personnel are allowed to accumulate 210 hours of vacation leave; all other employees working eight hours per day are allowed to accumulate 240 hours of vacation leave. There is no limit on the accumulation of sick leave. A long term payable for sick leave convertible to retirement is accrued on the government wide level.

When workmen's compensation is due an employee, that employee has the option of using accrued annual vacation and sick leave while drawing workmen's compensation, but must remit to the Town all workmen's compensation benefits received. A law officer disabled while performing duty of a hazardous nature may be granted a leave of absence by the Town with full pay during the period of disability provided all workmen's compensation benefits are remitted to the Town.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

1. Summary of Significant Accounting Policies (Continued)

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund

Town of Kentwood

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2009**

1. Summary of Significant Accounting Policies (Continued)

**N. Reconciliations of Government-Wide and Fund Financial Statements
(Continued)**

statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

2. Stewardship, Compliance and Accountability (Continued)

There were no budget variances that would result in unfavorable variances in violation of the Local Government Budget Act for the fiscal year ended December 31, 2009.

3. Cash and Cash Equivalents

At December 31, 2009, the Town has cash and cash equivalents (book balances) as follows:

	<u>December 31, 2009</u>
Cash on Hand	\$ 338
Demand Deposits	1,680,560
Time Deposits (See Note 4)	224,681
Louisiana Asset Management Pool (See Note 4)	<u>1,650,067</u>
	<u>\$3,555,646</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2009, the municipality has \$1,926,453 in deposits (collected bank balances), consisting of \$1,701,772 in demand deposits and \$224,681 in certificates of deposits. The demand deposits consist of \$228,812 in demand deposits for the Town of Kentwood and \$1,472,960 in demand deposits for the Kentwood Volunteer Fire Department. The demand deposits of \$228,812 are secured from risk by federal deposit insurance of \$250,000 and the \$1,472,960 of demand deposits are secured from risk by federal deposit insurance of \$250,000 and \$1,222,960 of total pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The certificates of deposit of \$224,861 are secured by federal deposit insurance of \$250,000.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

In accordance with GASB Codification Section 150.165, the assets held in LAMP at December 31, 2009 are not categorized in the three risk categories provided by GASB Codification Section 150.164 as described in the investment footnote four below. The investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP assets are considered to be a cash equivalent. LAMP is administered by LAMP, Inc., a

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

3. Cash and Cash Equivalents (Continued)

nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name,
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name, or
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

The Town did not hold any assets that qualified as investments at December 31, 2009. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

Interest Rate Risk: The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivable balances for the governmental activities include sales taxes and franchise taxes. Business-type activities report utilities earnings as their major receivable.

Town of Kentwood

Notes to the Financial Statements **As of and for the Year Ended December 31, 2009**

5. Receivables (Continued)

There are no differences between the receivables of the external governmental fund financial statements receivables and those of the government wide financial statements at December 31, 2009. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2009 consist of the following:

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>Total Governmental Funds</u>
Government Receivables			
Taxes:			
Ad Valorem	\$ 30,928	\$ -	\$ 30,928
Public Utility Franchise	12,368	-	12,368
Gaming	13,975	-	13,975
Intergovernmental:			
Tangipahoa Parish School Board	58,210	-	58,210
State of Louisiana, Beer Tax	1,485	-	1,485
Tangipahoa Parish Council	-	<u>145,838</u>	<u>145,838</u>
Total Governmental Receivables	<u>\$116,966</u>	<u>\$145,838</u>	<u>\$262,804</u>

The Enterprise Fund accounts receivable at December 31, 2009 consist of the following:

	<u>December 31, 2009</u>
Accounts Receivable	
Current	\$193,174
31 - 60 Days	30,176
61 - 90 Days	10,919
Over 90 Days	-
Subtotal	<u>234,269</u>
Less Allowance for Bad Debt	<u>5,550</u>
Accounts Receivables, Net	228,719
Accrued Billings	<u>59,491</u>
Total Accounts Receivable	<u>\$288,210</u>

The Town also recorded \$72,648 at fiscal year end for funds due from the State of Louisiana for a project extending water and sewer service to the State Tourist Center.

Town of Kentwood

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2009**

6. Interfund Receivables/Payables

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2009:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Interfund Balances		
General Fund		
Volunteer Fire Department	\$31,552	\$ (945)
Housing Assistance Fund	5,513	(1,961)
Special Revenue Fund		
Volunteer Fire Department		
General Fund	945	(31,552)
Proprietary Funds		
Housing Assistance Fund		
General Fund	<u>1,961</u>	<u>(5,513)</u>
Total Interfund Balances	<u>\$39,971</u>	<u>\$(39,971)</u>

The reason for the interfund receivable/payable balances is the General Fund pays payroll expenses and accounts payable for other funds. The interfund balances are repaid generally on a monthly basis.

7. Restricted Assets

Restricted assets held for Governmental Funds at December 31, 2009 was \$1,048,000 relating to the construction of the new fire station as disclosed in Note 8.

Restricted assets for the Enterprise Fund at December 31, 2009 were as follows:

	<u>December 31, 2009</u>
Restricted Cash and Cash Equivalents	
Customer Deposits	\$102,833
Bond Reserve Account	53,316
Bond Contingency Account	49,654
Housing Assistance Account	<u>78,949</u>
Total Restricted Assets	<u>\$284,752</u>

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2009 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 446,823	\$ -	\$ -	\$ 446,823
Construction in Progress	-	30,000	-	30,000
Total Capital Assets Not Being Depreciated	<u>446,823</u>	<u>30,000</u>	<u>-</u>	<u>476,823</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	905,033	6,700	-	911,733
Vehicles and Equipment	700,804	43,481	-	744,285
Infrastructure	50,606	17,775	(24,528)	43,853
Total Capital Assets Being Depreciated	<u>1,656,443</u>	<u>67,956</u>	<u>(24,528)</u>	<u>1,699,871</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	709,293	19,851	-	729,144
Vehicles and Equipment	539,453	58,410	-	597,863
Infrastructure	6,064	1,581	-	7,645
Total Accumulated Depreciation	<u>1,254,810</u>	<u>79,842</u>	<u>-</u>	<u>1,334,652</u>
Total Capital Assets Being Depreciated, Net	<u>401,633</u>	<u>(11,886)</u>	<u>(24,528)</u>	<u>365,219</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 848,456</u>	<u>\$ 18,114</u>	<u>\$ (24,528)</u>	<u>\$ 842,042</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 28,254
Public Safety – Policy Protection	20,847
Public Safety – Fire Protection	11,899
Public Works – Streets and Sanitation	18,842
	<u>\$ 79,842</u>

In 2008, the Tangipahoa Parish Fire Protection District purchased land on Louisiana Highway 38, approximately one mile east of the Town of Kentwood. In 2009, the Fire District awarded a \$1,048,000 contract to the low bidder to build a new fire station on the land. The contract construction started December 7, 2009, and is to be completed by September 1, 2010. The District will provide a full-time fire fighter around the clock at the station, which will improve response time.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2009 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 446,823	\$ -	\$ -	\$ 446,823
Construction in Progress	-	30,000	-	30,000
Total Capital Assets Not Being Depreciated	<u>446,823</u>	<u>30,000</u>	<u>-</u>	<u>476,823</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	905,033	6,700	-	911,733
Vehicles and Equipment	700,804	43,481	-	744,285
Infrastructure	50,606	17,775	(24,528)	43,853
Total Capital Assets Being Depreciated	<u>1,656,443</u>	<u>67,956</u>	<u>(24,528)</u>	<u>1,699,871</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	709,293	19,851	-	729,144
Vehicles and Equipment	539,453	58,410	-	597,863
Infrastructure	6,064	1,581	-	7,645
Total Accumulated Depreciation	<u>1,254,810</u>	<u>79,842</u>	<u>-</u>	<u>1,334,652</u>
Total Capital Assets Being Depreciated, Net	<u>401,633</u>	<u>(11,886)</u>	<u>(24,528)</u>	<u>365,219</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 848,456</u>	<u>\$ 18,114</u>	<u>\$ (24,528)</u>	<u>\$ 842,042</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 28,254
Public Safety – Policy Protection	20,847
Public Safety – Fire Protection	11,899
Public Works – Streets and Sanitation	18,842
	<u>\$ 79,842</u>

In 2008, the Tangipahoa Parish Fire Protection District purchased land on Louisiana Highway 38, approximately one mile east of the Town of Kentwood. In 2009, the Fire District awarded a \$1,048,000 contract to the low bidder to build a new fire station on the land. The contract construction started December 7, 2009, and is to be completed by September 1, 2010. The District will provide a full-time fire fighter around the clock at the station, which will improve response time.

Town of Kentwood

Notes to the Financial Statements **As of and for the Year Ended December 31, 2009**

8. Capital Assets (Continued)

During 2009, capital expenditures in the Volunteer Fire Department Fund of \$126,533 were transferred to the Tangipahoa Parish Fire Protection District Number 2. These assets are not capitalized in the governmental activity assets listed above. The Tangipahoa Parish Fire Protection District Number 2 provides funding from an advalorem tax outside the municipalities in the parish to various fire protection entities throughout Tangipahoa Parish. As part of that funding, the Kentwood Volunteer Fire Department purchases capital assets on the fund basis and transfers the ownership of those assets to Tangipahoa Parish Fire Protection District Number 2, while maintaining the ability to utilize the assets.

Capital assets and depreciation activity as of and for the year ended December 31, 2009, for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business – Type Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 21,100	\$ -	\$ -	\$ 21,100
Construction in Progress	<u>370,747</u>	<u>53,635</u>	-	<u>424,382</u>
Total Capital Assets Not Being Depreciated	<u>391,847</u>	<u>53,635</u>	-	<u>445,482</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	46,639	-	-	46,639
Vehicles and Equipment	177,476	1,500	-	178,976
Gas Utility System	801,615	-	-	801,615
Water Utility System	1,974,969	-	-	1,974,969
Sewer Utility System	<u>4,620,084</u>	-	-	<u>4,620,084</u>
Total Capital Assets Being Depreciated	<u>7,620,783</u>	<u>1,500</u>	-	<u>7,622,283</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	45,409	410	-	45,819
Vehicles and Equipment	131,955	12,457	-	144,412
Gas Utility System	622,843	15,820	-	638,663
Water Utility System	1,066,952	50,654	-	1,117,606
Sewer Utility System	<u>2,319,033</u>	<u>157,101</u>	-	<u>2,476,134</u>
Total Accumulated Depreciation	<u>4,186,192</u>	<u>236,442</u>	-	<u>4,422,634</u>
Total Capital Assets Being Depreciated, Net	<u>3,434,591</u>	<u>(234,942)</u>	-	<u>3,199,649</u>
Total Business – Type Activities Capital Assets, Net	<u>\$3,826,438</u>	<u>\$(181,307)</u>	<u>\$ -</u>	<u>\$3,645,131</u>

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2009:

	<u>Transfers In</u>	<u>Transfers Out</u>
Interfund Transfers		
General Fund		
Utility Fund	\$ 59,849	\$ 29,540
Proprietary Funds		
Utility Fund		
General Fund	<u>29,540</u>	<u>59,849</u>
Total Interfund Transfers	\$ <u>89,389</u>	\$ <u>89,389</u>

The reason for the interfund transfers was to provide for budgeted expenditures of the General Fund.

10. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2009 are as follows:

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>Total Governmental Funds</u>
Government Funds Payable			
Accounts	\$ 43,421	\$ -	\$ 43,421
Accrued Salaries	21,565	3,240	24,805
Compensated Absences	15,652	-	15,652
Other	14,128	-	14,128
Retirement	<u>2,522</u>	<u>-</u>	<u>2,522</u>
Total Governmental Funds Payable	\$ <u>97,288</u>	\$ <u>3,240</u>	\$ <u>100,528</u>

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

10. Accounts, Salaries, and Other Payables (Continued)

The Enterprise Fund payables at December 31, 2009 are as follows:

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Enterprise Funds Payable			
Accounts	\$ 79,455	\$ 3,000	\$ 82,455
Interest	2,933	-	2,933
Deferred Revenue	-	23,800	23,800
Construction Payable	19,925	-	19,925
Retainage Payable	52,723	-	52,723
Salaries	6,693	-	6,693
Sick Leave	39,514	-	39,514
Vacation	15,136	-	15,136
Total Enterprise Funds Payable	\$ <u>216,379</u>	\$ <u>26,800</u>	\$ <u>243,179</u>

The construction and retainage payables were related to the construction in progress at year end and to the ongoing project of extending water and sewer service to the tourist center.

11. Short-Term Debt

The Town had no short-term debt outstanding at December 31, 2009, other than the current portion of revenue bonds payable to the U.S. Rural Utilities Service, Department of Agriculture.

12. Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. The Town had no capital or operating lease activity during the year ended December 31, 2009.

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2009:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Long-Term Obligations</u>
Beginning Balance	\$ -	\$ -	\$ -	\$ 730,779	\$ 730,779
Additions	-	-	-	-	-
Deletions	-	-	-	17,029	17,029
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,750</u>	<u>\$ 713,750</u>

Town of Kentwood

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2009**

13. Long-Term Obligations (Continued)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>
	<u>Capital</u>	<u>Revenue</u>	<u>Capital</u>	<u>Revenue</u>	<u>Long-Term</u>
	<u>Leases</u>	<u>Bonds</u>	<u>Leases</u>	<u>Bonds</u>	<u>Obligations</u>
Current Portion	\$ -	\$ -	\$ -	\$ 17,899	\$ 17,899
Long-Term Portion	-	-	-	<u>695,851</u>	<u>695,851</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,750</u>	<u>\$ 713,750</u>

Bonds Payable as of December 31, 2009 is as follows:

	<u>Bonds Payable</u>	<u>Due Within</u>
	<u>End of Year</u>	<u>One Year</u>
Business – Type Fund: \$910,000 Sewer Revenue Bonds Dated 6/1/1992 due in monthly installments of principal and Interest of \$4,432 through 6/1/2033 interest at 5.00%.	\$ <u>713,750</u>	\$ <u>17,899</u>
This issue is secured by the income and revenues derived from the operation of the Town's Utility System.		

The annual requirements to amortize all debt outstanding at December 31, 2009, including interest payments of \$482,807, are as follows:

<u>Year Ending</u>	<u>Sewer Revenue</u>	<u>Capital</u>	<u>Total</u>
<u>12/31/</u>	<u>Bonds</u>	<u>Leases</u>	
	<u>\$910,000</u>		
2010	\$ 53,180	\$ -	\$ 53,180
2011	53,180	-	53,180
2012	53,180	-	53,180
2013	53,180	-	53,180
2014	53,180	-	53,180
2015 to 2019	265,902	-	265,902
2020 to 2024	265,902	-	265,902
2025 to 2029	265,902	-	265,902
2030 to 2033	<u>132,951</u>	-	<u>132,951</u>
	<u>\$1,196,557</u>	<u>\$ -</u>	<u>\$1,196,557</u>

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

14. Flow of Funds and Restrictions on Use – Enterprise Fund and Government Fund Bonds

The governing authority of the Town adopted a resolution on June 18, 1991 authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to USDA Rural Development (RUS). The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, USDA Rural Development had advanced all of the bond proceeds to the Town. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

Each month there will be set aside into a fund called Bond and Interest Sinking (Redemption) Fund, a sum equal to one-twelfth (1/12) of the interest due on the next interest payment and, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule of \$4,432 per month whereby the Town makes payments directly to its office. This eliminates the need for the Bond and Interest Sinking Fund.

There shall also be set aside into the Utility System Revenue Bond Reserve Fund a sum equal to 5% of the monthly bond payment after the construction becomes revenue producing, until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of December 31, 2009, the Town has accumulated \$53,316 in this account.

Funds will also be set aside into a Depreciation and Contingency Fund after completion of the project at the rate of \$250 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. As of December 31, 2009, the Depreciation and Contingency Fund reserve had a balance of \$49,654.

All the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

15. Retirement Systems

Substantially all employees of the Town of Kentwood are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to each plan follows:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least ten years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final-average salary for each year of creditable service. Furthermore, with at least ten years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced three percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute nine percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Kentwood are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

15. Retirement Systems (Continued)

A. Municipal Employee Retirement System of Louisiana (System) (Continued)

change each year based on the results of the valuation for the prior fiscal year. The Town of Kentwood's contributions to the System under Plan B for the year ending December 31, 2009 was \$25,480 equal to the required contributions for the year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 11 percent of annual covered payroll, which will increased to 25 percent for the plan fiscal year ending June 30, 2011 to meet present actuarial assumptions. The contribution requirements of plan members and the Town of Kentwood are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Kentwood's contributions to the System under Plan B for the year ending December 31, 2009 was \$2,703, equal to the required contributions for the year.

C. Firefighters Retirement System of Louisiana (System)

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

15. Retirement Systems (Continued)

C. Firefighters Retirement System of Louisiana (System) (Continued)

service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute eight percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 20.79 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. Employer payments for retirement totaled \$5,390 for the fiscal year ending December 31, 2009.

16. Reserved and Designated Fund Balances/Net Assets

At December 31, 2009, the general fund had reserved fund balances of \$325,540, representing the Town's funds reserved for the construction of municipal buildings due to restrictions placed on the original bond issue used to construct a building which the Town later sold.

At December 31, 2009, the proprietary fund had restricted net assets of \$91,880, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

At December 31, 2009, the proprietary fund had designated net assets of \$210,000, representing the Town's funds designated by the Board of Aldermen to be used for planned repairs and capital improvements to the Town's natural gas system. Because the designated amounts represent planned actions, and not actual commitments, they are included in unrestricted net assets in the Town's financial statements.

At December 31, 2009, the Housing Assistance Fund, consisting of the United States Department of Housing and Urban Development (HUD) Housing Choice Voucher Program recorded net assets of \$48,597, with all net assets restricted for housing activities.

Town of Kentwood

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

17. Risk Management

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

18. Contingent Liabilities

At December 31, 2009, the Town was not involved in any outstanding litigation or claims.

19. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended December 31, 2009, the State of Louisiana made on-behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$31,111 of on-behalf payments as revenue and as expenditures in the General Fund.

20. Prior Period Adjustment

The Town recorded a prior period adjustment of \$7,492 correcting the beginning balance of accounts receivable for customers in the utility fund. The adjustment increased the beginning net assets for the utility fund from \$3,354,007 to \$3,361,499.

Required Supplemental Information (Part II)

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund - Summary
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,247,000	\$ 1,140,700	\$ 1,137,193	\$ (3,507)
Licenses and Permits	158,000	162,200	166,943	4,743
Intergovernmental	71,000	54,750	24,462	(30,288)
Chrges for Services	12,700	20,600	19,161	(1,439)
Fines and Forfeitures	40,000	31,500	29,355	(2,145)
Sanitation Fees	89,000	88,400	88,522	122
Interest	12,000	2,800	2,738	(62)
On-behalf payments	34,000	31,800	31,111	(689)
Miscellaneous	17,300	39,550	50,453	10,903
Total Revenues	1,681,000	1,572,300	1,549,938	(22,362)
Expenditures				
General Government	686,700	704,600	693,111	11,489
Public Safety:				
Police	462,800	390,500	373,083	17,417
Fire	112,200	117,000	113,807	3,193
Public Works - Streets and Sanitation	510,700	497,300	490,134	7,166
Health and Welfare	7,500	6,700	6,615	85
Recreation	15,500	14,300	13,864	436
Capital Outlays	99,000	48,300	43,428	4,872
Total Expenditures	1,894,400	1,778,700	1,734,042	44,658
Excess Revenues (Expenditures)	(213,400)	(206,400)	(184,104)	22,296
Other Financing Sources (Uses)				
Operating Transfers In	-	-	89,849	89,849
Operating Transfers Out	-	-	(59,540)	(59,540)
Total Other Financing Sources (Uses)	-	-	30,309	30,309
Net Change in Fund Balance	(213,400)	(206,400)	(153,795)	52,605
Fund Balance, Beginning of Year	1,289,244	1,289,244	1,289,244	-
Fund Balance, End of Year	\$ 1,075,844	\$ 1,082,844	\$ 1,135,449	\$ 52,605

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund - Detail
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Taxes				
Ad Valorem	\$ 67,200	\$ 71,600	\$ 79,028	\$ 7,428
Sales Taxes	870,000	812,000	808,505	(3,495)
Franchise Taxes	53,500	49,200	43,961	(5,239)
Alcoholic Beverage Taxes	4,500	6,200	6,572	372
Gaming	250,000	200,200	198,027	(2,173)
Chain Store Taxes	1,800	1,500	1,100	(400)
Total Taxes	<u>1,247,000</u>	<u>1,140,700</u>	<u>1,137,193</u>	<u>(3,507)</u>
Licenses and Permits				
Business Privilege and Insurance License	151,000	156,500	156,038	(462)
Building Permits	3,500	900	2,830	1,930
Electric Permits	-	4,200	4,220	20
Liquor Licenses	3,500	600	3,855	3,255
Total Licenses and Permits	<u>158,000</u>	<u>162,200</u>	<u>166,943</u>	<u>4,743</u>
Intergovernmental				
Federal Grants				
Homeland Security: Domestic Preparedness	-	1,800	5,310	3,510
Department of the Treasury	5,000	4,750	4,750	-
State Grants				
Bullet Proof Vest Partnership	-	-	1,786	1,786
Commission on Law Enforcement	1,000	900	894	(6)
LGAP - Water Tank	35,000	-	-	-
Planning and Control	-	30,000	-	(30,000)
Road Safety	16,000	-	-	-
Other				
Entergy - Beautification	-	1,000	1,000	-
Fire District Reimbursement	14,000	11,000	10,722	(278)
Police Software	-	5,300	-	(5,300)
Total Intergovernmental	<u>71,000</u>	<u>54,750</u>	<u>24,462</u>	<u>(30,288)</u>
Miscellaneous Revenues				
Charges for Services	12,700	20,600	19,161	(1,439)
Fines and Forfeitures	40,000	31,500	29,355	(2,145)
Sanitation Fees	89,000	88,400	88,522	122
Interest	12,000	2,800	2,738	(62)
On Behalf Payments - Supplemental Pay	34,000	31,800	31,111	(689)
Miscellaneous	17,300	39,550	50,453	10,903
Total Miscellaneous Revenues	<u>205,000</u>	<u>214,650</u>	<u>221,340</u>	<u>6,690</u>

Schedule 2

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund - Detail
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
General Government				
Salaries				
Mayor and Aldermen	46,000	46,000	45,900	100
Clerical	122,000	104,000	104,738	(738)
Janitorial	10,200	9,900	9,832	68
Museum	16,600	18,600	18,121	479
Attorney	2,400	2,400	2,400	-
Benefits				
Health Insurance	149,000	171,400	186,243	(14,843)
Retirement	14,000	14,000	12,764	1,236
Payroll Taxes	57,000	52,500	50,272	2,228
General and Administrative	6,000	5,200	5,000	200
Insurance	84,800	117,500	99,547	17,953
Other Operating				
Aldermen Travel	1,000	1,500	1,432	68
Assessor Taxroll	2,000	1,900	1,850	50
Computer Expense	5,000	7,600	6,825	775
Coroner's Fees	4,000	4,300	2,795	1,505
Council on Aging	2,400	2,400	2,400	-
Dues and Subscriptions	3,000	2,800	2,603	197
Mayor's Expense	7,000	4,200	4,242	(42)
Meeting and Travel Expense	2,250	5,100	4,641	459
Miscellaneous	10,900	9,350	19,838	(10,488)
Museum	3,800	3,900	3,759	141
Promotion	2,900	2,000	2,140	(140)
Uniforms	1,000	-	-	-
Zoning	500	1,100	900	200
Professional Fees	40,000	40,000	34,170	5,830
Rent - Community Center	4,800	5,000	5,293	(293)
Repairs and Maintenance				
City Hall	8,000	3,500	3,276	224
Civic Center	2,800	8,000	2,123	5,877
Council on Aging	1,000	1,000	958	42
Health Unit	800	800	791	9
Martin Luther King Park	2,500	300	272	28
Museum	750	300	237	63
Supplies	13,000	12,000	12,661	(661)
Utilities				
City Hall	22,000	18,900	18,094	806
Civic Center	13,000	5,800	5,992	(192)
Community Center	7,000	6,100	5,706	394
Council on Aging	5,000	4,500	4,630	(130)
Health Unit	5,000	3,750	3,614	136
Martin Luther King Park	2,500	2,900	2,783	117
Museum	4,800	4,100	4,269	(169)
Total General Government	686,700	704,600	693,111	11,489

Continued

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund - Detail
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	(Unfavorable)
Public Safety				
Police				
Salaries	346,000	306,000	299,398	6,602
Benefits - Retirement	-	2,700	2,703	(3)
Fuel	52,000	32,500	26,965	5,535
General and Administrative	3,800	2,600	3,412	(812)
Insurance - Worker's Compensation	12,000	-	-	-
Other Operating				
Court Attendance	8,000	2,000	1,950	50
Housing Prisoners	1,500	1,500	1,148	352
Miscellaneous	2,000	3,500	3,485	15
Office Expense	-	6,000	765	5,235
Schools and Seminars	4,000	4,000	3,794	206
Special Fund	1,000	1,000	300	700
Uniforms	2,000	2,000	1,750	250
Repairs and Maintenance	12,000	12,500	12,448	52
Supplies	8,000	3,000	3,904	(904)
Telephone	10,500	11,200	11,061	139
Total Police	462,800	390,500	373,083	17,417
Fire				
Salaries	94,800	95,100	98,374	(3,274)
Benefits - Retirement	5,000	5,500	5,390	110
Fuel	1,500	500	(3,386)	3,886
General and Administrative	500	500	-	500
Insurance - Worker's Compensation	1,700	-	-	-
Other Operating	1,500	4,300	3,515	785
Repairs and Maintenance - Fire Truck	3,000	7,000	5,838	1,162
Telephone	4,200	4,100	4,076	24
Total Fire	112,200	117,000	113,807	3,193
Total Public Safety	575,000	507,500	486,890	20,610

Schedule 2

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund - Detail
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Public Works - Streets and Sanitation				
Salaries	84,800	98,000	98,633	(633)
Benefits	-	-	-	-
Fuel	17,500	10,000	8,382	1,618
Garbage Collection	240,000	240,800	240,379	421
Insurance - Worker's Compensation	4,200	-	-	-
Other Operating	2,700	5,500	5,248	252
Repairs and Maintenance				
Cemetery	26,000	24,000	22,000	2,000
Equipment	15,000	16,000	15,797	203
Maintenance Contract	13,500	13,000	11,820	1,180
Tree	8,000	-	-	-
Supplies	19,000	26,000	26,005	(5)
Utilities - Street Lights	80,000	64,000	61,870	2,130
Total Public Works - Streets and Sanitation	510,700	497,300	490,134	7,166
Health and Welfare				
Salaries - Animal Control	-	-	-	-
Insurance - Worker's Compensation	-	-	-	-
Other Operating	7,500	6,700	6,615	85
Total Health and Welfare	7,500	6,700	6,615	85
Recreation				
Salaries	-	2,700	2,700	-
Other Operating	14,000	10,000	9,778	222
Utilities	1,500	1,600	1,386	214
Total Recreation	15,500	14,300	13,864	436
Capital Outlays				
General Government	48,000	42,500	16,374	26,126
Public Safety - Police Protection	23,000	2,000	5,310	(3,310)
Public Safety - Fire Protection	20,000	500	669	(169)
Public Works - Streets and Sanitation	8,000	3,300	21,075	(17,775)
Total Capital Outlays	99,000	48,300	43,428	4,872
Excess Revenues (Expenditures)	(213,400)	(206,400)	(184,104)	(22,296)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	89,849	89,849
Operating Transfers Out	-	-	(59,540)	(59,540)
Total Other Financing Sources (Uses)	-	-	30,309	30,309
Net Change in Fund Balances	(213,400)	(206,400)	(153,795)	52,605
Fund Balances, Beginning of Year	1,289,244	1,289,244	1,289,244	-
Fund Balances, End of Year	\$ 1,075,844	\$ 1,082,844	\$ 1,135,449	\$ 52,605

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Special Revenue Fund - Kentwood Volunteer Fire Department
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Parish Allocation	\$ 370,000	\$ 406,000	\$ 499,715	\$ 93,715
Fire Insurance Rebate - Tangipahoa	22,000	25,500	22,107	(3,393)
Fire Insurance Rebate - St. Helena	4,000	3,400	3,370	(30)
Federal Grant - FEMA	13,000	12,500	12,468	(32)
State Grant - LA Forestry	6,000	11,700	11,723	23
Interest	17,000	7,600	12,337	4,737
Miscellaneous	1,700	1,200	1,127	(73)
Total Revenues	433,700	467,900	562,847	94,947
Expenditures				
Public Safety - Fire				
Salaries				
Administrative	3,900	3,500	3,452	48
Fire Chief	4,300	4,200	4,050	150
Firemen	3,800	3,550	3,552	(2)
Payroll Taxes	1,000	600	593	7
Fuel	8,500	5,200	5,561	(361)
Insurance	24,000	27,000	24,033	2,967
Other Operating				
Dues and Subscriptions	500	400	320	80
Office	2,000	2,100	1,950	150
Miscellaneous	3,000	2,000	803	1,197
Public Education	3,000	2,200	2,199	1
Training and Tuition	3,000	1,400	1,508	(108)
Volunteer Firemen Expense	25,000	28,000	26,251	1,749
Professional Fees	8,000	8,000	900	7,100
Repairs and Maintenance	10,000	16,000	15,526	474
Supplies	17,000	15,900	26,560	(10,660)
Utilities	2,000	1,800	1,575	225
Total Public Safety - Fire	119,000	121,850	118,833	3,017
Capital Outlays - Fire Protection	1,013,000	174,600	126,533	48,067
Total Expenditures	1,132,000	296,450	245,366	51,084
Excess Revenues (Expenditures)	(698,300)	171,450	317,481	146,031
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(698,300)	171,450	317,481	146,031
Fund Balances, Beginning	1,491,490	1,491,490	1,491,490	-
Fund Balances, Ending	\$ 793,190	\$ 1,662,940	\$ 1,808,971	\$ 146,031

Town of Kentwood
Comparative Schedule of Net Assets
Proprietary Fund Type - Utility Fund
As of December 31, 2009 and 2008

	Utility Fund	
	2009	2008
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 499,321	\$ 659,001
Receivables	288,210	286,684
Due From State	72,648	114,911
Inventory	2,393	-
Total Current Assets	<u>862,572</u>	<u>1,060,596</u>
Restricted Asset		
Restricted Cash and Cash Equivalents	205,803	205,127
Total Restricted Assets	<u>205,803</u>	<u>205,127</u>
Property, Plant and Equipment		
Land	21,100	21,100
Construction in Progress	424,382	370,747
Property, Plant and Equipment, Net	<u>3,199,649</u>	<u>3,434,591</u>
Total Property, Plant and Equipment	<u>3,645,131</u>	<u>3,826,438</u>
Total Assets	<u>4,713,506</u>	<u>5,092,161</u>
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	79,455	113,777
Other Accrued Payables	136,924	170,263
Due to Other Funds	-	623,040
Total Current Liabilities (Payable From Restricted Assets)	<u>216,379</u>	<u>907,080</u>
Current Liabilities (Payable from Restricted Assets)		
Customer Deposits	113,923	92,803
Revenue Bonds Payable	<u>17,899</u>	<u>17,027</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>131,822</u>	<u>109,830</u>
Long Term Liabilities		
Bonds Payable	<u>695,851</u>	<u>713,752</u>
Total Long Term Liabilities	<u>695,851</u>	<u>713,752</u>
Total Liabilities	<u>1,044,052</u>	<u>1,730,662</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	2,931,381	3,095,659
Restricted for:		
Capital Projects and Debt Service	91,880	112,324
Unrestricted	<u>646,193</u>	<u>153,516</u>
Total Net Assets	<u>\$ 3,669,454</u>	<u>\$ 3,361,499</u>

Town of Kentwood
Comparative Schedule of Revenues, Expenses,
and Changes in Net Assets
Proprietary Fund Type - Utility Fund
For the Years Ended December 31, 2009 and 2008

	Utility Fund	
	2009	2008
Operating Revenues		
Gas Sales	\$ 713,811	\$ 660,748
Less Cost of Gas Sold	(275,948)	(502,681)
Gross Profit on Gas Sold	437,863	158,067
Water Sales	424,040	294,770
Sewer Service Charges	299,670	277,180
Other	44,211	29,670
Total Operating Revenues	1,205,784	759,687
Operating Expenses		
Bad Debts	-	14,877
Cathodic Protection	1,495	6,388
Depreciation	236,441	236,436
Employee Benefits	70,998	71,021
Insurance	8,596	4,874
Other	42,329	47,761
Professional Fees	30,141	47,758
Repairs and Maintenance	151,768	96,769
Salaries and Wages	179,091	189,870
Supplies	21,276	13,663
Utilities	75,394	108,545
Water Treatment	72,071	101,704
Total Operating Expenses	889,600	939,666
Operating Income (Loss)	316,184	(179,979)
Nonoperating Revenues (Expenses)		
Donations	1,500	-
Unrealized Gain on Sale of Assets	-	3,800
Interest Income	3,026	21,020
Interest Expense	(36,081)	(36,912)
Total Nonoperating (Expenses)	(31,555)	(12,092)
Income (Loss) Before Contributions and Transfers	284,629	(192,071)
Contributions and Transfers		
Capital Contributions	53,635	370,747
Operating Transfers In	29,540	255,836
Operating Transfers Out	(59,849)	(255,836)
Change in Net Assets	307,955	178,676
Total Net Assets, Beginning - Before Prior Period Adjustment	3,361,499	3,175,331
Prior Period Adjustment (Note 20)	-	7,492
Total Net Assets, Ending - After Prior Period Adjustments	3,361,499	3,182,823
Total Net Assets, Ending	\$ 3,669,454	\$ 3,361,499

Town of Kentwood
Comparative Schedule of Cash Flows
Proprietary Fund Type - Utility Fund
For the Years Ended December 31, 2009 and 2008

	Utility Fund	
	2009	2008
Cash Flows from Operating Activities		
Received from Customers	\$ 1,435,995	\$ 1,211,844
Received for Meter Deposit Fees	21,120	(359)
Other Receipts	86,474	(85,241)
Received for Interfund Services	-	662
Payments for Interfund Services	(623,040)	(46,430)
Payments for Operations	(710,140)	(896,280)
Payments to Employees	(246,688)	(260,418)
Net Cash (Used) by Operating Activities	(36,279)	(76,222)
Cash Flows from Noncapital Financing Activities		
Transfers (To) Other Funds	(30,309)	-
Received from Donations	1,500	-
Net Cash (Used) by Noncapital Activities	(28,809)	-
Cash Flows from Capital and Related Financing Activities		
Capital Contributions Received	53,635	370,747
Proceeds from Sale of Capital Acquisitions	-	3,800
(Payments for) Capital Acquisitions	(97,397)	(261,732)
Principal (Repayments for) Long Term Debt	(17,029)	(16,201)
Interest Payments for Long Term Debt	(36,151)	(36,979)
Net Cash (Used) by Capital and Related Financing Activities	(96,942)	59,635
Cash Flows from Investing Activities		
Receipt of Interest	3,026	21,021
Net Cash Provided by Investing Activities	3,026	21,021
Net (Decrease) Increase in Cash and Cash Equivalents	(159,004)	4,434
Cash and Cash Equivalents, Beginning of Year	864,128	859,694
Cash and Cash Equivalents, End of Year	\$ 705,124	\$ 864,128
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents, Unrestricted	\$ 499,321	\$ 659,001
Cash and Cash Equivalents, Restricted	205,803	205,127
Total Cash and Cash Equivalents	\$ 705,124	\$ 864,128
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 316,184	\$ (179,979)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash (Used) by Operating Activities:		
Depreciation	236,441	236,436
(Increase) in Accounts Receivable	(1,526)	(20,854)
Decrease (Increase) in Other Receivable	42,263	(114,911)
Decrease (Increase) in Inventory	(2,393)	-
Increase (Decrease) in Due (to) Other Funds	(623,040)	(45,768)
(Decrease) Increase in Accounts Payable	(34,322)	42,361
Increase in Compensated Absences	3,523	696
Increase in Accrued Expenses	5,471	6,156
Increase (Decrease) in Customer Deposits	21,120	(359)
Net Cash Provided by Operating Activities	\$ (36,279)	\$ (76,222)

Town of Kentwood
Combining Schedule of Net Assets,
Proprietary Fund Type, Utility Funds
As of December 31, 2009

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 258,401	\$ -	\$ 240,920	\$ 499,321
Receivables, Net	273,210	15,000	-	288,210
Due From State	-	72,648	-	72,648
Inventory	2,393	-	-	2,393
Total Current Assets	<u>534,004</u>	<u>87,648</u>	<u>240,920</u>	<u>862,572</u>
Restricted Assets				
Restricted Cash and Cash Equivalents	102,833	-	102,970	205,803
Total Restricted Assets	<u>102,833</u>	<u>-</u>	<u>102,970</u>	<u>205,803</u>
Property, Plant and Equipment				
Land	21,100	-	-	21,100
Construction in Progress	-	424,382	-	424,382
Property, Plant and Equipment, Net	198,336	857,363	2,143,950	3,199,649
Total Property, Plant and Equipment	<u>219,436</u>	<u>1,281,745</u>	<u>2,143,950</u>	<u>3,645,131</u>
Total Assets	<u>856,273</u>	<u>1,369,393</u>	<u>2,487,840</u>	<u>4,713,506</u>
Liabilities				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	79,455	-	-	79,455
Other Accrued Payables	61,343	72,648	2,933	136,924
Total Current Liabilities (Payable from Current Assets)	<u>140,798</u>	<u>72,648</u>	<u>2,933</u>	<u>216,379</u>
Current Liabilities (Payable from Restricted Assets)				
Customer Deposits	54,675	59,248	-	113,923
Revenue Bonds Payable	-	-	17,899	17,899
Total Current Liabilities (Payable from Restricted Assets)	<u>54,675</u>	<u>59,248</u>	<u>17,899</u>	<u>131,822</u>
Long Term Liabilities				
Bonds Payable	-	-	695,851	695,851
Total Long Term Liabilities	<u>-</u>	<u>-</u>	<u>695,851</u>	<u>695,851</u>
Total Liabilities	<u>\$ 195,473</u>	<u>\$ 131,896</u>	<u>\$ 716,683</u>	<u>1,044,052</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt				2,931,381
Restricted for Capital Projects and Debt Service				91,880
Unrestricted				646,193
Total Net Assets				<u>\$ 3,669,454</u>

Town of Kentwood
Combining Schedule of Revenues, Expenses and Changes in Net Assets,
Proprietary Fund Type, Utility Funds
For the Year Ended December 31, 2009

	Gas	Water	Sewer	Total
Operating Revenues				
Gas Sales	\$ 713,811	\$ -	\$ -	\$ 713,811
Less Cost of Gas Sold	(275,948)	-	-	(275,948)
Gross Profit on Gas Sold	437,863	-	-	437,863
Water Sales	-	424,040	-	424,040
Sewer Service Charges	-	-	299,670	299,670
Other	21,309	14,530	8,372	44,211
Total Operating Revenues	459,172	438,570	308,042	1,205,784
Operating Expenses				
Cathodic Protection	1,495	-	-	1,495
Depreciation	19,875	55,438	161,128	236,441
Employee Benefits	38,034	24,397	8,567	70,998
Insurance - Worker's Compensation	3,257	4,122	1,217	8,596
Other	26,400	9,778	6,151	42,329
Professional Fees	11,187	11,187	7,767	30,141
Repairs and Maintenance	24,243	100,096	27,429	151,768
Salaries and Wages	106,471	54,698	17,922	179,091
Supplies	9,755	8,225	3,296	21,276
Utilities	-	44,369	31,025	75,394
Water Treatment	-	72,071	-	72,071
Total Operating Expenses	240,717	384,381	264,502	889,600
Operating Income (Loss)	218,455	54,189	43,540	316,184
Nonoperating Revenues (Expenses)				
Donations	-	1,500	-	1,500
Interest Income	1,646	642	738	3,026
Interest Expense	-	-	(36,081)	(36,081)
Total Nonoperating Revenues (Expenses)	1,646	2,142	(35,343)	(31,555)
Income (Loss) Before Contributions and Transfers	220,101	56,331	8,197	284,629
Contributions and Transfers				
Capital Contributions	-	53,635	-	53,635
Operating Transfers In	-	29,540	-	29,540
Operating Transfers Out	-	(59,849)	-	(59,849)
Change in Net Assets	220,101	79,657	8,197	307,955
Total Net Assets, Beginning (Restated)				3,361,499
Total Net Assets, Ending				\$ 3,669,454

Town of Kentwood
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget (GAAP Basis) and Actual
 Proprietary Fund Type, Gas Utility System
 For the Year Ended December 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 654,000	\$ 713,811	\$ 59,811
Less Cost of Gas Sold	(332,000)	(275,948)	56,052
Gross Profit on Gas Sold	322,000	437,863	115,863
Other			
Bad Debt Recoveries	850	4,796	3,946
Miscellaneous	8,750	9,944	1,194
Penalties	7,000	6,569	(431)
Total Operating Revenues	338,600	459,172	120,572
Operating Expenses			
Bad Debts	5,000	-	5,000
Cathodic Protection	1,600	1,495	105
Depreciation	20,000	19,875	125
Employee Benefits			-
Health Insurance	23,500	23,382	118
Life Insurance	350	340	10
Payroll Taxes	7,750	7,656	94
Retirement	7,000	6,656	344
Insurance - Worker's Compensation	3,300	3,257	43
Other			
Computer Expenses	800	755	45
DOT Drug Testing	600	594	6
Gas Leak Survey	350	770	(420)
Gas Operator Certification	3,500	3,000	500
Fuel	13,000	12,292	708
Meter Reading	6,000	6,057	(57)
Miscellaneous	50	1,053	(1,003)
Office Expense	2,000	1,879	121
Professional Fees	16,000	11,187	4,813
Repairs and Maintenance	27,000	24,243	2,757
Salaries and Wages	100,500	106,471	(5,971)
Supplies	12,000	9,755	2,245
Total Operating Expenses	250,300	240,717	9,583
Operating Income	88,300	218,455	130,155
Nonoperating Revenues			
Interest Income	1,700	1,646	(54)
Total Nonoperating Revenues	1,700	1,646	(54)
Income Before Transfers	90,000	220,101	130,101
Contributions and Transfers			
Operating Transfers Out	-	-	-
Change in Net Assets	\$ 90,000	\$ 220,101	\$ 130,101

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type, Water Utility System
For the Year Ended December 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 425,600	\$ 424,040	\$ (1,560)
Delinquent Charges	6,200	6,569	369
Miscellaneous	2,100	4,328	2,228
Safe Drinking Water Fee	3,700	3,633	(67)
Total Operating Revenues	<u>437,600</u>	<u>438,570</u>	<u>970</u>
Operating Expenses			
Bad Debts	5,000	-	5,000
Depreciation	56,000	55,438	562
Employee Benefits			
Health Insurance	17,000	16,808	192
Life Insurance	250	236	14
Payroll Taxes	4,050	3,932	118
Retirement	3,500	3,421	79
Insurance - Worker's Compensation	4,200	4,122	78
Other			
Computer Expenses	1,000	755	245
Department of Environmental Quality Fees	3,800	3,674	126
Fuel	1,000	804	196
Office Expense	1,700	1,561	139
Safe Drinking Water Fees	3,000	2,984	16
Professional Fees	16,000	11,187	4,813
Repairs and Maintenance	59,000	100,096	(41,096)
Salaries and Wages	52,500	54,698	(2,198)
Supplies	7,800	8,225	(425)
Utilities - Pump Electricity	43,500	44,369	(869)
Water Treatment	90,000	72,071	17,929
Total Operating Expenses	<u>369,300</u>	<u>384,381</u>	<u>(15,081)</u>
Operating Income	<u>68,300</u>	<u>54,189</u>	<u>(14,111)</u>
Nonoperating Revenues			
Donations	-	1,500	1,500
Interest Income	700	642	(58)
Total Nonoperating Revenues	<u>700</u>	<u>2,142</u>	<u>1,442</u>
Income (Loss) Before Contributions and Transfers	<u>69,000</u>	<u>56,331</u>	<u>(12,669)</u>
Contributions and Transfers			
Capital Contributions	-	53,635	53,635
Operating Transfers In	-	29,540	29,540
Operating Transfers Out	-	(59,849)	(59,849)
Change in Net Assets	<u>69,000</u>	<u>79,657</u>	<u>10,657</u>

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type, Sewer Utility System
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Sales	\$ 300,000	\$ 299,670	\$ (330)
Other			
Miscellaneous	250	1,803	1,553
Penalties	6,200	6,569	369
Total Operating Revenues	<u>306,450</u>	<u>308,042</u>	<u>1,592</u>
Operating Expenses			
Bad Debts	5,000	-	5,000
Depreciation	162,000	161,128	872
Employee Benefits			
Health Insurance	5,900	5,845	55
Life Insurance	150	113	37
Payroll Taxes	1,600	1,409	191
Retirement	1,300	1,200	100
Insurance - Worker's Compensation	1,300	1,217	83
Other			
Analysis Fee	5,000	4,505	495
Fuel	1,000	871	129
Office Expense	1,000	775	225
Professional Fees	12,000	7,767	4,233
Repairs and Maintenance	42,500	27,429	15,071
Salaries and Wages	18,000	17,922	78
Supplies	2,600	3,296	(696)
Utilities	30,500	31,025	(525)
Total Operating Expenses	<u>289,850</u>	<u>264,502</u>	<u>25,348</u>
Operating Income	<u>16,600</u>	<u>43,540</u>	<u>26,940</u>
Nonoperating (Expenses) Revenues			
Interest Income	800	738	(62)
Interest Expense	(36,200)	(36,081)	119
Total Nonoperating (Expenses) Revenues	<u>(35,400)</u>	<u>(35,343)</u>	<u>57</u>
Income (Loss) Before Contributions and Transfers	<u>(18,800)</u>	<u>8,197</u>	<u>26,997</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Change in Net Assets	<u>(18,800)</u>	<u>8,197</u>	<u>26,997</u>

**Town of Kentwood
Schedule of Sewer Rates
Proprietary Fund Type
For the Year Ended December 31, 2009**

Sewer	
Residential Rates	Commercial Rates
\$22 - Flat Monthly Rate	\$ 42 Commercial Rate 1 - Flat Monthly Rate
	252 Commercial Rate 2 (Schools) - Flat Monthly Rate
	627 Commercial Rate 3 (Nursing Home) - Flat Monthly Rate
	22 Commercial Rate 3 (Churches) - Flat Monthly Rate

Town of Kentwood
Schedule of Number of Sewer, Water and Gas Customers
Proprietary Fund Type
For the Year Ended December 31, 2009

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Sewer	732	108	840
Water	831	150	981
Gas	419	47	466
Total	<u>1,982</u>	<u>305</u>	<u>2,287</u>

Town of Kentwood
Comparative Schedule of Gas Sales and Purchases
Proprietary Fund Type - Gas Utility System
For the Years Ended December 31, 2009 and 2008

	Enterprise Funds	
	2009	2008
Gas Sales and Purchases (Dollars)		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	47,050	47,934
Dollar Amount	\$ 713,811	\$ 660,748
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	50,814	53,480
Dollar Amount	275,948	502,681
Gross Profit	<u>\$ 437,863</u>	<u>\$ 158,067</u>
Gross Profit Percentage of Sales	61%	24%
Unaccounted For Gas Purchases		
Volume mcf (Thousand Cubic Feet)	3,764	5,546
Average Cost of Unaccounted for Gas	\$ 20,441	\$ 52,129
Percentage of Purchases	7%	10%
Number of Customers at Year End		
In Service, Industrial	2	1
In Residential	464	497
Total Number of Customers	<u>466</u>	<u>498</u>
Average Sales Per Customer		
Volume mcf (Thousand Cubic Feet)	101	96
Dollar Amount	\$ 1,532	\$ 1,327
Average Sales Per Thousand Cubic Feet		
Gas Sales, Industrial	\$ 8	\$ 11
Gas Sales, Other	\$ 21	\$ 15
Gas Sales	\$ 16	\$ 14
Gas Purchases	(6)	(10)
Subtotal	10	4
Unaccounted for Gas Purchases	-	(1)
Gross Profit	<u>\$ 10</u>	<u>\$ 3</u>

**Town of Kentwood
Schedule of Insurance
For the Year Ended December 31, 2009**

Insurance Company / Policy Number	Coverage	Amount	Period
Municipal Risk Management 100-0355-00012308	General Liability	\$ 500,000	2/1/2009 to 2/1/2010
	Commercial Automobile	500,000	
	Police Professional Liability	500,000	
	Errors and Omissions Liability	500,000	
Western Surety Company 69465173 69464168 69210053 18272062	Fidelity Bond: Mayor	150,000	1/28/2007 to 1/28/2011
	Fidelity Bond: Clerk	150,000	1/28/2007 to 1/28/2011
	Fidelity Bond: Fiscal Officer	150,000	8/29/2009 to 8/29/2010
	Position Schedule	310,000	6/20/2009 to 6/20/2010
American Modern Select Insurance Company QE0001385H	Commercial Property Coverages, as scheduled	1,501,455	3/7/2009 to 3/7/2010
Risk Management Inc. 70-0298	Worker's Compensation at Statutory Limitations		11/19/2009 to 11/19/2010

Schedule 16

**Town of Kentwood
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2009**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Harold J. Smith, Mayor (985) 229-6265	P.O. Box 313 Kentwood, LA 70444	\$ 26,400
Myrtle Cook, Council Member (985) 229-8145	1335 3rd Street Kentwood, LA 70444	3,900
Mike Hall, Council Member (985) 229-2470	P.O. Box 643 Kentwood, LA 70444	3,900
Dr. Carlton S. Faller, Council Member (985) 229-3681	P.O. Box H Kentwood, LA 70444	3,900
Jim Bo Slaven, Council Member (985) 229-5206	707 11th Street Kentwood, LA 70444	3,900
Irma T. Gordon, Council Member (985) 229-4959	1806 14th Street Kentwood, LA 70444	3,900
		<u>\$ 45,900</u>

Terms end December 31, 2010 for Board Members

Other Required Schedules and Reports

MALCOLM M. DIENES, L.L.C.
LEROY J. CHUSTZ, C.P.A.

Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING COMPLIANCE AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

The Honorable Mayor Harold J. Smith
And Members of the Board of Aldermen
Town of Kentwood, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Kentwood, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the Town's primary government and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Kentwood's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kentwood's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Kentwood's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

We did identify a deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above and described in the accompanying Schedule of Findings and Responses as finding 2009-1.

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We also identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as finding 2009-2 that we consider to be a significant deficiency.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kentwood's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and *Louisiana Government Audit Guide* as reported in the accompanying Schedule of Findings and Responses as finding 2009-3.

The Town of Kentwood, Louisiana's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Town of Kentwood's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of the Town of Kentwood, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Malcolm M. Dienes, L.L.C.

Leroy J. Chustz, CPA

August 24, 2010

TOWN OF KENTWOOD

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2009

We have audited the basic financial statements of the Town of Kentwood as of and for the year ended December 31, 2009, and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Significant Deficiencies ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

B. Federal Awards: ☒ Not Applicable

Internal Control

Material Weaknesses ☐ Yes ☐ No Significant Deficiencies ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

Was a management letter issued? ☐ Yes ☐ No

C. Identification of Major Programs: ☒ Not Applicable

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

TOWN OF KENTWOOD

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2009

Section II Financial Statement Findings

2009-1 Restricted Cash and Cash Equivalents (Material weakness)

In 2008, the Tangipahoa Parish Fire Protection District purchased land on Louisiana Highway 38, approximately one mile east of the Town of Kentwood. In 2009, the Fire District awarded a \$1,048,000 contract to the low bidder to build a new fire station on the land. The contract construction started December 7, 2009, and is to be completed by September 1, 2010. This amount had not been disclosed on the Statement of Net Assets and Governmental Funds financial statements as Restricted Cash and Cash Equivalents and Net Assets Restricted for Capital Projects and Debt Service.

Recommendation:

Management should ensure that appropriate restrictions to Cash and Cash Equivalents are disclosed on the Statement of Net Assets and on the Governmental Funds financial statements.

Management's Response:

This was an oversight brought to our attention at the last minute and has been corrected. Since this correction has been reflected in the general ledger and these financials, we question whether it should be reported as a finding. It was and is reported in the notes to the financials. These funds are a part of the reporting entity of the Town, but are not under our direct supervision. The Kentwood Fire Department administers these funds for Tangipahoa Parish Fire District No. 2, and had no intention of spending these monies other than for the construction of the fire station that will soon be completed and paid for out of those funds. This is purely an accounting classification issue and should need no further attention. The asset constructed with these funds will become a general fixed asset of Tangipahoa Parish Fire District No. 2 and not the Town's.

2009-2 Accounts Receivable Write off Adjustment (Significant Deficiency)

The Accounts Receivable general ledger balance as of December 31, 2009 was adjusted downwards by \$49,026 from \$268,167 to \$219,141 to agree with the Accounts Receivable subsidiary ledger. The adjustment was caused mainly by the improper inclusion of Accounts Receivable written off in the prior period on the pre adjusted December 31, 2009 financial statements.

TOWN OF KENTWOOD

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2009

Section II Financial Statement Findings (Continued)

2009-2 Accounts Receivable Write off Adjustment (Significant Deficiency)-Continued

Recommendation:

Management should ensure that Accounts Receivable general ledger balances are reconciled periodically to the Accounts Receivable subsidiary ledger and any adjustments resulting from the reconciliation should be processed timely.

Management's Response:

Management has implemented procedures to resolve this issue.

2009-3 Timely Issuance of Audited Financial Statements

The audited financial statements for the year ended December 31, 2009 should have been completed and be issued by June 30, 2010. The audited financial statements were issued subsequent to the deadline of June 30, 2010 due to additional time required to correct the adjustment described in findings 2009-1 and 2009-2 above.

Recommendation:

Management should issue audited financial statements within the required statutory requirement period of six months following the close of the fiscal year for all future periods.

Management's Response:

The Town engaged an auditor early in this year to meet the filing deadline, but due to an ownership change in auditors, the audit commencement was delayed and not completed until shortly after the required due date. The Town asked for a short extension to complete all the necessary correspondence for completion of the audit. The Town has not had a history of being delinquent in the past and does not expect to be delinquent in the future.

Section III Federal Award Findings and Questioned Costs

No section III findings

TOWN OF KENTWOOD

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 2009

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

No Section I Findings

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

No Section II Findings

SECTION III MANAGEMENT LETTER

No Section III Findings

MALCOLM M. DIENES, L.L.C.
LEROY J. CHUSTZ, C.P.A.

Certified Public Accountants



August 24, 2010

Members of the Board of Aldermen
Town of Kentwood, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kentwood, Louisiana as of and for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Kentwood are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town of Kentwood's financial statements was:

Management's estimate of the depreciation expense and useful life of capital assets is based on the Town of Kentwood's capital asset policy guideline. We evaluated the key factors and assumptions used to develop the capital asset policy in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of estimated useful lives of depreciable assets in Note 1-G to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit, except as disclosed in the Schedule of Findings and Responses (Section II-Financial Statements Findings).

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 24, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the members of the Board and management of the Town of Kentwood and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Malcolm M. Dienes, L.L.C.

Leroy J. Chustz, CPA

August 24, 2010